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STATE DOCUMENTS

# Biennial Report

STATUS OF THE PUBLIC SCHOOL SYSTEM  
AS SHOWN BY THE RECORDS IN THE OFFICE OF  
THE STATE DEPARTMENT OF PUBLIC INSTRUCTION

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STATUS OF THE PUBLIC SCHOOL SYSTEM  
AS SHOWN BY THE RECORDS IN THE OFFICE OF  
THE STATE DEPARTMENT OF PUBLIC INSTRUCTION

When making a report of the status of the Public School System of Montana, as it stands today, the first point that should be considered is whether or not all the children of the State should be educated. Barring all those children whose minds are not normal, the answer to this first question is unquestionably "Yes". Having answered this question, the next point to be considered is whether or not the State is financially able to do so.

I. SIGNIFICANT DATA

Taxable value of State	
1930-31 - - - - -	\$ 453,080,548
1934-35 - - - - -	334,878,020
1935-36 - - - - -	330,947,986
Area of State - - - - -	146,997 square miles
Population of State - - - - -	537,606
School census (6-21) - - - - -	159,789
Not in school - - - - -	43,061
In school - - - - -	116,728
Elementary - - - - -	82,325
High - - - - -	34,403
Enrollment in rural schools - - - - -	28,847
Enrollment in graded and high schools - - - - -	87,881
Average taxable wealth back of pupil enrolled - - - - -	\$ 2,828
Average area back of each child - $1\frac{1}{4}$ square miles or - - - - -	800 acres
Ratio of adult population to pupils enrolled - - - - -	about 3 to 1
Net amount spent for instructional purposes - - - - -	\$ 8,773,962.71
Per capita cost - - - - -	75.15
Net amount spent for capital outlay and debt service - - - - -	2,169,269.09
Per capita cost - - - - -	18.60
Total net amount spent - - - - -	10,943,231.80
Total per capita cost - - - - -	93.75

The total enrollment including elementary and high school remains fairly constant. However, there is a decrease in the elementary enrollment which is offset by the increase in high school.

School Attendance

<u>Year</u>	<u>Elementary</u>	<u>High School</u>	<u>Total</u>
1928	95,588	22,230	117,818
1929	95,550	23,229	118,779
1930	94,769	24,787	119,556
1931	92,617	26,927	119,544
1932	89,548	28,794	118,342
1933	86,772	31,662	118,444
1934	84,948	32,480	117,428
1935	82,325	34,403	116,728

II. RECEIPTS AND EXPENDITURES

The revenue to support the schools is derived from: (1) special district tax levies; (2) six or eight mill county tax for county apportionment; (3) special county tax for high schools; (4) income from state school lands and from permanent state school fund derived almost wholly from sale of state lands (known as state apportionment); (5) varying percentages of eight different types of indirect state taxes; (6) other sources as fees, fines, sale of school property, federal forest reserves and oil royalties; (7) sale of bonds.

Table Showing Per Cent of Revenue From Each Source

Source	1930-31	1931-32	1932-33	1933-34	1934-35
District	49 %	44.3 %	45 %	45 %	46 %
County App.	18.5	19	19	19	20
County H. S.	17.5	21	24	24	25
	85 %	84.3 %	88 %	88 %	91 %
Federal	7.5	6.6	6.5	7	6.5
State	7	9.1	5.5	5	2.5
	99.5 %	100 %	100 %	100 %	100 %

This table shows that the major part of all of the revenue to maintain the schools comes from the direct property tax levied against the property of the district and county. The state percentage went down due to lesser amount from the metal mines tax and farm mortgages.

Table Showing Receipts and Expenditures During Past Four Years

<u>RESOURCES</u>				
Year	County & District	State & Federal	Bonds & Debt Service	Total
1930				
& 31	\$ 10,375,505.71	\$ 1,701,005.20	\$ 2,654,751.18	\$ 14,731,262.16
<u>EXPENDITURES</u>				
Year	General Control, Instruction & Operating	Liquidation of Debts & Interest	Capital Outlay	Total
1930				
& 31	11,931,297.23	1,914,770.28	1,514,665.80	15,360,733.31
<u>RESOURCES</u>				
1931				
& 32	9,541,873.31	1,711,701.29	1,290,900.82	12,544,475.42
<u>EXPENDITURES</u>				
1931				
& 32	10,592,862.32	2,097,599.41	748,460.94	13,438,922.67
<u>RESOURCES</u>				
1932				
& 33	8,192,173.34	1,155,162.87	1,190,439.35	10,537,678.56
<u>EXPENDITURES</u>				
1932				
& 33	9,350,957.06	1,420,890.36	366,553.14	11,138,400.56
<u>RESOURCES</u>				
1933				
& 34	8,410,121.32	1,645,587.84	1,028,613.38	11,084,322.54
<u>EXPENDITURES</u>				
1933				
& 34	8,281,814.92	1,504,011.99	163,332.05	9,948,158.96
<u>RESOURCES</u>				
1934				
& 35	8,139,915.10	1,248,326.15	1,273,275.52	10,661,275.52
<u>EXPENDITURES</u>				
1934				
& 35	8,773,962.21	1,545,429.67	623,839.42	10,943,231.80

Itemized Account of Receipts and Expenditures  
For Year 1934-35

Receipts for 1934-35

State apportionment	\$ 996,454.72	
Equalization fund	158,284.41	
Reimbursement to high schools for vocational education	45,014.07	
Federal oil license tax	19,162.86	
Income Federal Forest Reserve	29,410.09	
	<u>\$ 1,248,326.15</u>	\$ 1,248,326.15
County apportionment	2,137,676.92	
District tax for general fund	3,235,294.24	
County-wide high school tax	2,766,943.94	
	<u>\$ 8,139,915.10</u>	8,139,915.10
Special tax for interest and sinking fund		<u>1,273,275.52</u>
Total Receipts - - - - -		<u>\$10,661,516.77</u>

Expenditures for 1934-35

	<u>Elementary</u>	<u>High School</u>
General control	\$ 277,767.40	\$ 277,767.39
Instruction	3,919,855.16	1,579,738.47
Textbooks	138,793.43	74,127.33
Stationery & supplies	119,375.21	78,901.83
Wages of janitors	338,679.54	182,045.31
Fuel, water, light	354,755.09	176,111.70
Maintenance of school plant	236,243.19	106,037.80
Libraries	40,110.81	25,096.73
Promotion of health	24,166.57	5,212.39
Transportation	487,690.80	102,968.23
Auxiliary agencies	28,255.86	32,780.23
Fixed charges	112,190.22	55,292.02
	<u>\$ 6,077,883.28</u>	<u>\$ 2,696,079.43</u>
Total of instructional costs		8,773,962.71
Cost per elementary pupil	73.82	
Cost per high school student	78.35	
Average cost for both	75.15	
Capital outlay and debt service		
New buildings, grounds, equipment		623,839.42
Interest		243,590.15
Redemption of bonds		<u>1,301,839.42</u>
		<u>\$ 2,169,269.09</u>
Average per capita cost	18.60	
Total expenditures		
Instructional		8,773,962.71
Capital outlay and debt service		<u>2,169,269.09</u>
		<u>10,943,231.80</u>
Average per capita cost per pupil (elementary and high)	93.75	

Cash on hand General Fund, July 1 - - - - -	3,560,080.64
Cash on hand Sinking Fund, July 1 - - - - -	900,358.84
Bonded indebtedness, July 1 - - - - -	8,880,475.77

III. INEQUALITIES IN ABILITY TO SUPPORT SCHOOLS

One of the difficult spots if not the most difficult spot in the Montana School System is the great inequality in taxable value between counties and school districts.

Wealth Back of Each Child

Powder River County - - - - -	\$ 1,249
Lake County - - - - -	1,675
Carbon County - - - - -	2,219
Daniels County - - - - -	2,386
Big Horn County - - - - -	3,165
Chouteau County - - - - -	4,661
Madison County - - - - -	5,558
Broadwater County - - - - -	6,618
Mineral County - - - - -	9,053

Wealth Back of Each Child in Districts of the Same County

<u>Dist.</u>	<u>Value Back of Each Child</u>	<u>Millage</u>
5	\$ 1,075	12*
6	1,211	5
7	505	12*
10	2,807	3
18	3,322	4
32	1,429	12*
14	9,575	1

\*These districts receive aid from the Equalization Fund.

A pamphlet is printed showing the taxable value, millage, and school enrollment of all the districts of the State.

Inequalities in Delinquencies

During the year 1933, the State Board of Equalization reported a delinquency of taxes as 21.08% for the State as a whole. The highest rate of delinquency was in Garfield County--60.17%. The lowest was in Mineral County--2.61%, where 95% of the taxes are paid by the railroads and the public utilities. As a whole, the highest rates of delinquency showed up in the dryland farming regions in such counties as Sheridan, Valley, Daniels, Roosevelt, McCone, and Golden Valley. The livestock counties, including Beaverhead, Madison, Stillwater, Sweet Grass, Park, Powder River, Big Horn, Custer, and Rosebud showed fairly low delinquency rates, especially in comparison with dryland counties.

Comparative Table of Delinquency

<u>County</u>	<u>Total Delinquency</u> <u>Per Cent</u>	<u>County</u>	<u>Total Delinquency</u> <u>Per Cent</u>
Beaverhead - - - - -	8.68	Madison - - - - -	13.35
Big Horn - - - - -	18.25	Meagher - - - - -	19.98
Blaine - - - - -	23.12	Mineral - - - - -	2.61
Broadwater - - - - -	18.23	Missoula - - - - -	10.48
Carbon - - - - -	13.51	Musselshell - - - - -	29.46
Carter - - - - -	39.69	Park - - - - -	15.58
Cascade - - - - -	11.82	Petroleum - - - - -	41.48
Chouteau - - - - -	20.46	Phillips - - - - -	29.75
Custer - - - - -	23.40	Pondera - - - - -	26.90
Daniels - - - - -	51.55	Powder River - - - - -	24.47
Dawson - - - - -	22.47	Powell - - - - -	8.73
Deer Lodge - - - - -	6.87	Prairie - - - - -	23.63
Fallon - - - - -	24.75	Ravalli - - - - -	18.58
Fergus - - - - -	30.12	Richland - - - - -	22.85
Flathead - - - - -	15.77	Roosevelt - - - - -	32.47
Gallatin - - - - -	12.53	Rosebud - - - - -	15.47
Garfield - - - - -	60.17	Sanders - - - - -	4.82
Glacier - - - - -	14.25	Sheridan - - - - -	49.84
Golden Valley - - - - -	21.80	Silver Bow - - - - -	22.92
Granite - - - - -	10.69	Stillwater - - - - -	16.22
Hill - - - - -	27.02	Sweet Grass - - - - -	18.76
Jefferson - - - - -	7.14	Teton - - - - -	23.30
Judith Basin - - - - -	25.71	Toole - - - - -	13.82
Lake - - - - -	32.12	Treasure - - - - -	21.25
Lewis & Clark - - - - -	5.97	Valley - - - - -	42.39
Liberty - - - - -	27.45	Wheatland - - - - -	22.28
Lincoln - - - - -	6.79	Wibaux - - - - -	29.13
McCone - - - - -	40.93	Yellowstone - - - - -	12.58



Inequalities in County-Wide High School Tax Levy

No. of Counties	Millage	No. of Counties	Millage
2 - - - - -	4	6 - - - - -	11
1 - - - - -	5	4 - - - - -	12
4 - - - - -	6	3 - - - - -	13
9 - - - - -	7	3 - - - - -	14
9 - - - - -	8	2 - - - - -	15
11 - - - - -	9	1 - - - - -	17
1 - - - - -	10		

IV. PERMANENT SCHOOL FUND AS OF OCTOBER 1, 1935

Value of unsold lands at \$10 per acre	\$ 45,151,140.10	
Deferred payments on land sales	2,765,652.34	
Farm mortgage loans	<u>4,824,480.46</u>	
		\$ 52,141,272.90
Federal Land Bank bonds	1,141,800.00	
State bonds	3,384,319.50	
County, city, school district bonds	<u>5,525,874.20</u>	
		10,051,993.70
Cash		<u>250,982.64</u>
	<u>Total</u>	62,444,249.24
Income from Permanent School Fund - 1934		1,045,713.87
Income from Permanent School Fund - 1935		1,057,989.46
Less 5% for Permanent Fund		<u>52,889.46</u>
Amount to be divided as state apportionment		1,005,100.00
Per capita state apportionment - 1934	\$ 6.10	
Per capita state apportionment - 1935	6.29	

V. FARM MORTGAGE LANDS

Condition of State Farm Loans and Contracts June 30, 1934

Classification	No. of Loans	Acres	Original Amount of Loan	Unpaid Principal
1. Loans in their original form not delinquent in their interest payments.	23	8,363.15	\$ 44,900.00	\$ 31,932.38
2. Loans in their original form <u>delinquent</u> in payments both as to principal and interest.	31	8,012.13	42,780.00	37,108.98
3. Loans converted to amortization loans <u>not</u> delinquent.	62	18,979.50	111,440.00	98,469.87
4. Loans converted to amortization loans <u>delinquent</u> .	138	43,697.55	259,900.00	260,996.14
5. Sales contracts* <u>not</u> delinquent	119	38,988.21	236,078.50	238,093.25
6. Sales contracts* <u>delinquent</u>	462	168,590.38	988,975.16	1,062,405.99
7. Loans under which the State has acquired title through <u>quitclaim deed</u> and the lands not resold.	420	141,098.90	866,570.00	958,024.19
8. Loans under which the State has acquired title through <u>foreclosure</u> proceedings and lands not resold.	246	74,365.05	421,970.00	520,633.46
9. Loans converted to amortization loans under which the State has acquired title and the lands have not been resold.	76	26,526.05	149,950.00	155,916.71
10. Sales contracts* <u>cancelled</u> and the lands not resold.	372	130,360.82	792,396.34	906,981.30
TOTALS	1949	659,281.74	\$3,914,960.00	\$ 4,270,562.27

Notice that the original amount loaned was \$3,914,960.00 and the acknowledged debt in Chapter 127 in the 1935 laws is \$4,250,625.95.

Receipts from Farm Mortgages

For July 1, 1933 to June 30, 1934 - - - - - \$ 127,506.33  
For March 1, 1935 to December 31, 1935 - - - - - 93,846.18

State Farm Loan Sinking Fund  
March 13, 1935 to December 31, 1935

Month	R E C E I P T S			
	Rentals and Interest	Wheat Allotments	Repayments On Principal	Total
March, 1935	4,497.80	465.10	4,028.78	8,991.68
April, 1935	8,439.89	190.16	2,383.92	11,013.97
May, 1935	4,945.44	610.85	2,851.44	8,407.73
June, 1935	2,212.25	54.55	3,001.33	5,268.13
July, 1935	3,516.12	9.94	351.09	3,877.15
August, 1935	7,891.01	62.31	4,396.38	12,349.70
September, 1935	13,198.18	144.31	4,638.34	17,980.83
Totals	\$44,700.69	\$1,537.22	\$21,651.28	\$67,889.19
October, 1935	21,698.81	11.26	7,027.77	28,737.84
November, 1935	14,898.55	919.35	6,803.32	22,621.22
December, 1935	26,373.39	4,187.90	11,925.83	42,487.12
Totals	\$62,970.75	\$5,118.51	\$25,756.92	\$93,846.18

<u>Distribution of Fund</u>				
Date Quarterly Apportionment	Expenses	Interest at 2% Per Annum	Applied on Principal	Balance of Principal Unpaid
March 31, 1935	353.53	4,425.31	3,946.88	4,242,220.13
June 30, 1935		21,223.30	3,732.49	4,233,866.27
September 30, 1935	155.65	21,378.92	12,673.11	4,224,480.46
Totals	\$509.18	\$47,027.53	\$20,352.48	

Chapter 127 of the 1935 Session Laws accomplishes three definite and highly desirable objects with regard to the investment that was made from the public school permanent fund in farm land loans.

1. The state recognizes its liability for the investments made in such farm loans in the specified amount of \$4,250,625.95 as of January 1, 1935.

2. The state specifically promises and agrees to repay to the public school permanent fund the said sum of \$4,250,625.95 as of January 1, 1935, together with interest.

3. By recognizing this indebtedness and by promising and agreeing to repay it without condition as to what the farm loan assets may bring, the State Land Board has felt at liberty to advertise and sell lands taken over under these loans for less than the amount invested including the accrued interest. A ruling has been obtained from the Attorney General holding this procedure to be lawful so long as no part of the actual investment is sacrificed. The accumulated interest on a great number of these loans added to the principal have brought the state's claim so high that it would be impossible to sell the lands at the aggregate sum. As a direct result of this legislation sales are not blocked by this difficulty and this will help very materially.

At regular sales of state lands conducted in various counties last November nearly 11,000 acres of mortgage lands were sold at a total sales price exceeding \$90,000. It would have been impossible to make some of these sales with all the accrued interest included in the sales price. These mortgage lands are sold on the same terms and conditions as to payment under this new legislation as formerly. A minimum of 10% must be paid in cash at the time of sale; the remainder draws interest at the rate of 5% per annum and is payable through an amortization period of thirty-three years.

Under this new legislation the state itself takes over all the farm mortgage loans and all the assets arising from the state's farm mortgage business. However, the State Land Board still administers the business pertaining to this in just the same manner as heretofore. Every dollar and every cent of the income arising from these assets is required to be paid and actually is paid into the state farm loan sinking fund.

#### Two Vital Defects in the Legislation

1. Interest Rate Too Low. When Senate Bill No. 104, now enacted as Chapter 127 of the 1935 Session Laws, was presented to the Senate it provided for interest on the balance remaining from time to time unpaid at the rate of 4% per annum. This rate was reduced to 2% per annum. Needless to say, this is not just and fair to the public school permanent fund nor to the schools throughout the state to which the funds belong. The interest rate was probably reduced under the mistaken idea that this would save money for the taxpayers of the state. It is evident that the decreased income for the schools resulting from this cut in the interest rate will increase the tax burden of the school districts throughout the state in the same amount.

2. Additional Funds Should be Provided for Repayment of the Loans. It has long been recognized that the state would sustain considerable losses in the farm loan business. The receipts from rentals on the lands, from interest and from repayment on principal will not be sufficient to pay interest at the rate of 4% per annum or even less and to repay the principal in full. The act itself takes cognizance of these circumstances and indicates that additional funds should be provided.

#### VI. PUBLIC SCHOOL GENERAL FUND

Chapter 175 of the Laws of 1935 creates a public school general fund. Section 9. On the first days of February and August of every year the State Treasurer, first shall pay from the State Public School General Fund the several amounts due to the counties of the state for the transportation of pupils, as certified to him hereunder by the State Superintendent of Public Instruction, and secondly, shall disburse to the several counties the balance thereafter remaining in the State Public School General Fund pursuant to the apportionment thereof of such State Superintendent on the basis of classroom units and pupil attendance, and by immediately drawing his several warrants in favor of the treasurers of the counties of the state for the amounts so due and apportioned to such counties.

#### Basis for Making Distribution, August 1935

High school students - - - - -	13,663
Elementary pupils - - - - -	<u>13,831</u>
Total	27,494
Amount distributed	\$ 274,940
Per capita - - - - \$10	

#### Income for Public School General Fund from March 14, 1935 to December 23, 1935

Store licenses, 50%	\$ 2,401.25
Electrical energy, 5%	2,278.24
Inheritance tax, 15%	181,654.74
Income tax, 20%	89,085.20
Freight car license tax, 100%	14,034.25
Oil production tax, 25%	6,399.57
Corporation license tax, 25%	12,156.63
Metal mines tax, 5%	<u>11.50</u>
	\$ 308,124.91



Income to Common School Equalization Fund - March 14, 1935 to December 23, 1935

Store license, 50%	\$ 1,989.95	
Corporation license tax, 25%	44,276.90	
Inheritance tax, 15%	6,327.04	
Income tax, 20%	25,928.57	
Oil production tax, 25%	15,089.41	
Metal mines tax, 50%	35,878.60	
Federal oil royalties, 50%	<u>15,622.40</u>	
		<u>\$ 145,112.87</u>

Total of Equalization Fund and Public School General Fund      \$ 453,237.78

100% collection from all the above taxes is      \$ 1,397,236.79

Amount distributed from Equalization	
Fund - - - - -	150,000.00
Amount distributed from Public	
School General Fund - - - - -	<u>274,940.00</u>
	424,940.00
Balance in Public School General	
Fund now - - - - -	28,297.78

VII. TRANSPORTATION

There are four different school laws, more or less indefinite, confusing and somewhat conflicting. All of these transportation laws permit (under certain considerations) that transportation may be paid.

27,494 pupils (13,663 elementary and 13,831 high school) are 3 or more miles from school.

\$590,659.03 paid for transportation, 1934-35

Approximately 2,000 to 2,500 eligible high school students are out of high school because they are not within walking distance of any high school.

VIII. TEACHERS' RETIREMENT FUND

No part of the funds to pay the teachers' retirement fund is derived from the state. They are derived from the following sources: (1) the interest on a permanent fund of \$169,199 which was built up in the early years of the enactment of the law, from the regular contributions of the teachers. This permanent fund stands at \$171,000 at the present time invested in school district bonds, county bonds, educational bonds and warrants bearing about 5 $\frac{1}{4}$ %; (2) one dollar per month from each teacher, principal, supervisor, and superintendent for every month of service in the public elementary and secondary schools; (3) from each retired teacher drawing the fund under the original law, \$300 less amount already contributed; and from each retired teacher drawing the fund under the 1927 law, \$600 less amount already contributed.

Number of Retired Teachers and Amount Paid by Quarters

	1928-1929			
	September 1928	December 1928	March 1929	June 1929
Number of retired teachers		136	137	135
Amount paid each quarter	\$ 50.00	\$ 35.00	\$ 90.00	\$ 110.00
Amount paid during year	285.00			
	1929-1930			
	September 1929	December 1929	March 1930	June 1930
Number of retired teachers	143	145	145	147
Amount paid each quarter	\$ 100.00	\$ 100.00	\$ 90.00	\$ 110.00
Amount paid during year	400.00			

	1930-1931			
	Sept. 1930	Dec. 1930	March 1931	June 1931
Number of retired teachers	149	151	152	149
Amount paid each quarter	\$ 90.00	\$ 100.00	\$ 75.00	\$ 135.00
Amount paid during year	400.00			
	1931-1932			
	Sept. 1931	Dec. 1931	March 1932	June 1932
Number of retired teachers	159	164	169	172
Amount paid each quarter	\$ 85.00	\$ 80.00	\$ 80.00	\$ 125.00
Amount paid during year	370.00			
	1932-1933			
	Sept. 1932	Dec. 1932	March 1933	June 1933
Number of retired teachers	180	180	178	182
Amount paid each quarter	\$ 70.00	\$ 55.00	\$ 75.00	\$ 100.00
Amount paid during year	300.00			
	1933-1934			
	Sept. 1933	Dec. 1933	March 1934	June 1934
Number of retired teachers	183	187	183	182
Amount paid each quarter	\$ 85.00	\$ 55.00	\$ 65.00	\$ 120.00
Amount paid during year	325.00			
	1934-1935			
	Sept. 1934	Dec. 1934	March 1935	June 1935
Number of retired teachers	187	184	186	186
Amount paid each quarter	\$ 70.00	\$ 60.00	\$ 75.00	\$ 100.00
Amount paid during year	305.00			
	1935-1936			
	Sept. 1935	Dec. 1935		
Number of retired teachers	200	198		
Amount paid each quarter	\$ 75.00	\$ 60.00		